

TAX CUTS AND JOBS ACT 2017

Individual tax changes

<i>Old law</i>	<i>New law</i>	<i>Code Section</i>	<i>Effective date *</i>
Tax brackets (7) 10%-39.6%	Tax brackets (7) 10%-37%	§ 1(j)(1) &(2); brackets adjust for post 2018 inflation.	Tax years beginning after December 31, 2017 and before January 1, 2026.
Kiddie tax at parents' rates on certain unearned income	Kiddie tax at trust and estate rates on all unearned income	§ 1(j)(4); parents' rates no longer relevant.	Tax years beginning after December 31, 2017 and before January 1, 2026.
AMT: 2017 exemptions: \$84,500 MFJ; \$54,300 singles. Phase out starts at \$160,900 MFJ; \$120,700 singles	2018 exemptions: \$109,400 MFJ; \$70,300 singles. Phase out starts at \$1,000,000 MFJ;\$500,000 all others.	§ 55(d)(4).	Tax years beginning after December 31, 2017 and before January 1, 2026.
Self created patents, inventions, designs, etc. could be capital assets in certain instances.	Such items cannot be capital assets or § 1231 property.	§ 1221(b)(1)(C). But § 1235 still exists.	Dispositions after December 31, 2017 and before January 1, 2026.
Alimony deducted by payor; taxable to payee	Cannot be deducted by payor and not income to payee	§ § 215 and 71	Instruments executed or modified after 2018, latter only if expressly provided. Expires January 1, 2026.
Business related moving expenses are nondeductible and moving expense reimbursements are excludable.	Deduction and exclusion repealed except for certain military moves	§ § 217 & 132(a)(6), 132(g)	Tax years beginning after 2017 and before January 1, 2026.

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Tax deferred rollover to SSBIC available	Publicly traded securities cannot be rolled over to a SSBIC.	§ 1044 (repealed)	Sales after December 31, 2017 and before January 1, 2026.
Child tax credit: \$1,000/ child; phased out at \$110,000 for MFJ.	Credit increased to \$2,000/child & \$500/ other dependents; phase out starts at \$400,000 for MFJs; still refundable.	§ 24(h)(1). Refundable amount capped at \$1,400 per child.	Tax years beginning after 2017 and before January 1, 2026.
Personal exemptions @ \$4,050 plus standard vs. itemized deductions (phase outs for high incomes).	Personal exemptions eliminated; standard deductions nearly doubled.	§ § 151; 63. See below for removal of itemized deduction haircut.	Tax years beginning after 2017 and before January 1, 2026.
§ 529 plans used for college expenses only.	Plans can be used for K-12 expenses up to \$10K per year @ public, private or religious schools.	§ 529	Distributions made after December 31, 2017 and before January 1, 2026.
Cancellation of student loan debt for meeting work requirements is excluded from income.	Exclusion is expanded to include cases of death or total disability of the student; only applies to certain loans.	§ 108(f)	Cancellations of loans after December 31, 2017 and before January 1, 2026.
Rollovers of § 529 plan accounts to § 529A (ABLE) accounts not permitted.	Such rollovers now permitted, provided the beneficiary or a family member owns the § 529A account.	§§ 529 & 530	Distributions after December 22, 2017 and before January 1, 2026.
Haircut on certain itemized deductions for high incomes	No haircut on such deductions.	§ 68	Tax years beginning after 2017 and before January 1, 2026.

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Home mortgage loan interest deduction limited to \$1M of debt and \$100K of home equity loans.	Home mortgage loan interest limited to \$750K of debt. No home equity loans.	§ 163(h)	Tax years beginning after 2017; refinancings of and loans on or before December 15, 2017 and contracts before December 15, 2017 that close before April 1, 2018 are not impacted. Expires January 1, 2026.
Personal state and local taxes are part of itemized deductions	MFJs can only deduct \$10K of property or income (or sales) taxes. No prepayment of future year's income taxes.	§ 164	Tax years beginning after 2017 and before January 1, 2026.
Personal casualty losses exceeding 10% of AGI are itemized deductions, more beneficial treatment of certain federal disasters.	No personal casualty losses except for limited Presidentially declared disasters.	§ 165(h)(2)	Tax years beginning after 2017 and before January 1, 2026.
Gambling losses only to extent of gambling winnings; other gambling expenses available regardless.	Gambling losses include all gambling expenses, thus further limiting other gambling expenses.	§ 165(d)	Tax years beginning after 2017 and before January 1, 2026.
Medical expense deduction floor of 7.5% or 10%.	Medical expense deduction floor of 7.5% for all taxpayers	§ 213(a) and applies for AMT as well.	Tax years beginning after 2016 and before January 1, 2026.
Miscellaneous itemized deductions subject to 2% floor.	No miscellaneous itemized deductions.	§ 67	Tax years beginning after 2017 and before January 1, 2026.

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Congressional living expenses are deductible if \leq \$3K/yr	Congressional members cannot deduct away from home living expenses.	§ 162(a)	Tax years beginning after December 22, 2017 and before January 1, 2026.
10% tax for early distributions from retirement plans applies to distributions due to natural disasters.	No such early distrib. tax for those having principal place of abode within a natural disaster area, three years to recognize distributions and to recontribute; net disaster loss deduction in excess of \$500 w/ot regard to 10% floor.	§§ 72(t) & 165	Tax years beginning after 2017; net disaster loss deduction applies to disasters in tax years beginning after December 31, 2015 and before January 1, 2018. Expires January 1, 2026.
Exclusion for employee achievement awards limited to tangible personal property <\$400.	Tangible personal property excludes cash, gift certs., vacations, meals, lodging, tickets and securities	§ 274(j); codifies Prop. Reg. § 1.274-8(c)(2).	Amounts paid or incurred after 2017 and before January 1, 2026.
Exclusion for qualified bicycle commuting reimbursements up to \$20/ month.	Exclusion for such reimbursements is repealed for income and employment tax purposes	§ 132(f)(1)(D)	Tax years beginning after 2017 and before January 1, 2026.
Contributions to ABLE accounts excluded per § 529A	For beneficiaries, contribution limit increased; savers' credit applies to contributions	§ § 25B & 529A	Tax years beginning after December 22, 2017 and before January 1, 2026.
Exclusions for combat zone pay	Extended to military serving in Egypt's Sinai Peninsula	§ 112	Effective beginning June 9, 2015. Expires January 1, 2026.

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IRA and ROTH IRA recharacterizations of contributions and conversions.	Recharacterization of IRA to ROTH IRA conversion no longer permitted, but recharacterizing contributions is still permitted.	§ 408A(d)(6) removed	Tax years beginning after 2017 and before January 1, 2026.
Retirement plan loans offset vs. plan balance are treated as distributions; 60 day rollover available.	Extend rollover date to due date (including extensions) of tax return for tax year of the offset.	§ 402(c)(3)	Tax years beginning after 2017 and before January 1, 2026.
Rules for deferred compensation plans do not apply to volunteer's benefits up to \$3K per year.	Increases benefit available to \$6K per year.	§ 457(e)(11)	Tax years beginning after 2017 and before January 1, 2026.
Charitable contributions to public charities limited to 50% of individual AGI.	Increased to 60%.	§ 170(b)(1)(A)	Tax years beginning after 2017.
80% deduction for contributions that include right to purchase tickets.	No deduction available for such contributions.	§ 170(l)	Contributions made in tax years beginning after December 31, 2017
Donor substantiation requirement for contributions is reduced when charity files a return stating information.	No exception to substantiation for donors in this instance.	§ 170(f)(8)(D)	Tax years beginning after 2017.

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Time to contest an IRS levy on property and request return of wrongfully levied property by persons claiming an interest in such property	Expands the time periods from 9 months to 2 years.	§ § 6343 & 6532; Treas. Regs. § § 301.6343-2(a)(2) & 301.6532-3(a).	Levies made after December 22, 2017 and to levies for which current 9 month period has not expired as of such date. Expires January 1, 2026.
Individual mandate to maintain minimum health care coverage or incur tax penalty	Tax penalty removed	§ 5000A	Months beginning after December 31, 2018. Expires January 1, 2026.